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TANANA AIR SERVICE

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May 14, 2003

U.S. Department of Transportation
PL 401, Docket Operations
400 7th Street, SW
Washington, D.C. 20590

OST-03-14694-8

Reference: Dockets 2003-14694 and 14695

Dear Mr. Van De Water:

Tanana Air Service appreciates the opportunity to comment on the Rural Service Improvement Act. There have been numerous definitions of how and what the Act said when all parties are reading the same document. This action will change commercial aviation in Alaska for the next twenty years; therefore, how the Act is interpreted is critical.

First,

Although the form that you attached to the notice is simple to complete, this data is on file with the Department of Transportation, Federal Aviation Administration. Carriers are required to provide the FAA with a certificate of insurance at each renewal or whenever a change in the aircraft fleet occurs.

Second,

I have reviewed the law a number of times and have yet to find where only the outbound passengers and freight, that a carrier transports in individual city pairs, will be used. I read that the traffic between city pairs will be used. I interpreted this to mean either direction on a city pair. DOT has required carriers to input data on the T-100 format since January, 2002. Some of us have gone to great expense to comply with the requirements, as they have changed, and have provided accurate, timely data to the department. The department has on two occasions come to Alaska and sent out notices that some carriers were not complying with the requirement, or not providing accurate data and that the failure to provide the data could subject them to being removed from tender. For the department now to ask again for accurate, timely data has no creditability. I wonder why anybody would go to the expense and effort when the only outcome will be a redistribution of the mail and some companies being removed from tender. Why is the Department allowing carriers that do not submit accurate, timely T-100 data to continue to receive mail tender when the law directs the Department to take action (three months ago) to remove those carriers that are not making efforts to comply with the law? Pull those carriers out of tender that have not provided the required accurate, timely data so the law can be implemented. The total count for a city pair without regard to schedule flight number is what the market segment report provides. If a carrier is scheduling double schedules to manipulate their data then and they are not flying all their scheduled flights, they should be removed from tender for failure to fly their schedule.

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Third.

This requirement is hard to understand from this carrier's point of view, also. We collect excise tax on all tickets sold (at the time of the sale) and submit the revenue to the Treasury Department; however, the individual might not travel on the entire ticket for up to one year. Even though the passenger travels on our carrier, the carrier that sells the ticket submits the excise tax, not the carrier that actually carries the passenger. Travel agencies will issue a ticket on Alaska Airlines ticket stock and we will carry the passenger and never see, nor report, the excise tax. Utilizing the federal excise tax as a means to keep the reporting honest only will make it impossible to track. The requirement to maintain the records for seven years should be enough for the Department to audit anyone suspected of cooking the reports without utilizing excise tax data that has no real correlation to traffic traveled over a given period.

Fourth.

As stated above, one method is compliance with the T-100 data submission requirement. There are still carriers that are transporting the mail without scheduled flights being listed in the OAG or other media for public use. I believe some carriers do not have IATA airline codes that travel agencies can utilize. The law stated that a PART 135 Bush passenger carrier operate aircraft with at least five seats. This leads one to believe that the carrier should have those seats insured, available, and marketed, or not be considered a Bush passenger carrier. Freight carriers would not have to insure those seats. Carriers that are submitting their data should be able to demonstrate schedule compliance with the number of scheduled departures compared to the number of completed departures. Those carriers that appear to be in question should be tasked by the Department to demonstrate within a very short time (two weeks) why they should not be removed from tender for any given reason. The Department has already given the carriers in Alaska two warnings that failure to comply can result in their removal from mail tender, but nothing has happened to the many carriers that have failed to even comply with the timely, accurate submission of T-100 data.

Fifth.

A carrier that has a Part 121 Certificate may still be operating under their Part 135 Certificate at the same time when operating smaller aircraft. Mail should be tendered only to the Part 121 Certificated carrier when they operate aircraft with more than nineteen seats on a scheduled route for three or more times a week. The Part 121 carrier that operates a Navajo or 207 should not receive any more acknowledgment for being a Part 121 carrier then the Part 135 carrier operating the same category of equipment. The Part 121 only goes into effect when the carrier operates aircraft type certificated to carry at least 19 passengers on a given schedule.

Sixth.

The Secretary can grant a waiver to a carrier that is Part 121 and has fewer than nineteen seats. I would not understand why the Secretary would not grant a waiver to the Part 121 carrier that is operating, and has operated, fifteen seats for an extended period of time within the State of Alaska as a Part 121 passenger carrier. All cost associated with the operations of fifteen passenger Part 121

passenger aircraft should be considered in the rate case and only three rates should apply for the carriage of Bush mail. Without looking at the data, the only carrier that has operated in the Bush with relatively full loads has been the fifteen passenger Part 121 carrier. Within the state the other carriers are operating half-empty aircraft in a limited market and are using this law to try to seize the market that they could not get in the current open market environment.

Seventh

The Secretary should consider all computer support costs that are being required for both DOT and USPS reports as part of the terminal rate. Insurance for the passenger carriers that is a determination for tender should also be considered since it is now an important element for tender consideration. The storage cost of maintaining seven years of documentation should be considered in the rate investigation. Bush 121 rate data should only be computed on cost for nineteen passengers aircraft from bush hubs to bush destinations, not on what their associated costs are with nineteen passenger operations on mainline routes.

Eighth

The Secretary needs to determine the media of data that is required to be stored for seven years. Passenger's names or freight shippers' names normally are not maintained on computers, but on hard copies of the flight manifest. Aircraft type and times are normally maintained on a computer data base program. The carriers need to know what to maintain and in what detail to back up all T-100 data. Copies of tickets and airway bills are only on hard copies or computerized accounting files.

Once again, thank you for this opportunity to comment on this historical turning point for aviation in Alaska. The time to act was almost four months ago and without any action nothing will change. If I can be of any further assistance in this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred H. Ciarlo". The signature is fluid and cursive, with the first name "Fred" being more prominent.

Fred H. Ciarlo
General Manager